



[SEC File No. 270-562, OMB Control No. 3235-0624]

Submission for OMB Review; Comment Request; Extension: Regulation R, Rule 701

Upon Written Request Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Regulation R, Rule 701 (17 CFR 247.701) under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

Regulation R, Rule 701 requires a broker or dealer (as part of a written agreement between the bank and the broker or dealer) to notify the bank if the broker or dealer makes certain determinations regarding the financial status of the customer, a bank employee’s statutory disqualification status, and compliance with suitability or sophistication standards.

The Commission estimates there are 3,560 registered brokers or dealers that would, on average, notify 1,000 banks approximately two times annually about a determination regarding a customer’s high net worth or institutional status or suitability or sophistication standing as well as a bank employee’s statutory disqualification status. Based on these estimates, the Commission anticipates that Regulation R, Rule 701 would result in brokers or dealers making approximately 2,000 notifications to banks per year. The Commission further estimates (based on the level of difficulty and complexity of the applicable activities) that a broker or dealer would spend approximately 15 minutes per notice to a bank. Therefore, the estimated total annual third party disclosure burden for the requirements in Regulation R, Rule 701 is 500¹ hours for brokers or

¹ 1,000 banks x 2 notices = 2,000 notices; (2,000 notices x 15 minutes) = 30,000 minutes/60 minutes = 500 hours.

dealers.

The retention period for the recordkeeping requirement under Rule 17Ad-2(c), (d), and (h) is not less than two years following the date the notice is submitted. The recordkeeping requirement under this rule is mandatory to assist the Commission in monitoring transfer agents who fail to meet the minimum performance standards set by the Commission rule. This rule does not involve the collection of confidential information. Please note that a transfer agent is not required to file under the rule unless it does not meet the minimum performance standards for turnaround, processing or forwarding items received for transfer during a month.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function.

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to

(i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John R. Pezzullo, 100 F Street, NE, Washington, DC 20549, or by sending an e-mail to: PRA_Mailbox@sec.gov.

Dated: December 28, 2021.

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2021-28430 Filed: 12/30/2021 8:45 am; Publication Date: 1/3/2022]